

**Massachusetts Teachers' Retirement Board
Meeting of December 15, 2017
9:00 a.m. to 12:00 p.m.
being held at:**

Massachusetts Teachers' Retirement System
500 Rutherford Avenue, Suite 210, Charlestown, MA

Agenda for December Board meeting

Regular Matters of Business	Tab 1
Open and Executive Minutes of the Regular Meeting held on November 17, 2017	
Applications for Ordinary and Accidental Disability Retirement*	<i>Disability Folder</i>
Update on Progress on Suspension of Disability Benefit due to Section 91A Failure to File*	Tab 2
Section 12B Survivor Benefit from Death of Mary Fratantonio*	Tab 3
Termination Retirement Application.....	Tab 4
Review and Approval of the FY17 PERAC Annual Financial Statement.....	Tab 5
Request for Approval of Out of State Travel for Executive Director	Tab 6
<ul style="list-style-type: none">• Board Meeting of The National Pension Education Association <i>January 11th – January 14th, Naples, FL</i>• NASRA/NCTR Legislative Conference <i>February 24th – February 26th, Washington, D.C.</i>	
Contract to Prepare RFR for MyTRS Hosting Services.....	Tab 7
Executive Director's Report	Tab 8
Final 2018 Board meeting schedule	

****To be considered in Executive Session***

Next meeting scheduled for
January 26, 2018
9:00 a.m. – 2:00 p.m.

Minutes of the Meeting of December 15, 2017

of the

MASSACHUSETTS TEACHERS' RETIREMENT BOARD

I. Regular Matters of Business

In attendance at this regular meeting of the Massachusetts Teachers' Retirement Board ("the Board") were Chairman Jeff Wulfson, Vice Chair Nicola Favorito, Jacqueline A. Gorrie, Dennis J. Naughton, Joannah M. Quinn, Anne Wass, Executive Director Erika Glaster, Assistant Executive Director Sean Neilon, Assistant Executive Director Jon Osimo, General Counsel James Salvie, Associate General Counsel/Disability Case Manager Salvatore Coco, and Executive Assistant Helen Petruzziello.

The meeting was called to order at approximately 9:02 a.m.

The minutes of the previous Board meeting, held on November 17, 2017, were reviewed and approved as submitted on a motion made by Ms. Wass and seconded by Ms. Gorrie. The motion carried 6-0.

VOTED: The Open and Executive minutes of the Board meeting held on November 17, 2017, are hereby approved as submitted.

II. Executive Session

A motion was made by Mr. Naughton, and seconded by Ms. Quinn, to enter into executive session in order to review applications for disability retirement, and the reputation, character or physical condition of individuals. On roll call, the vote was as follows:

VOTED: Vice Chair Nicola Favorito	Yes
Jacqueline A. Gorrie	Yes
Dennis J. Naughton	Yes
Joannah M. Quinn	Yes
Anne Wass	Yes
Chairman Jeff Wulfson	Yes

At approximately 9:03 a.m. the Board went into Executive Session. The Chairman stated that the Board would return to Open Session.

At approximately 10:44 a.m. the Board reconvened in Open Session.

III. Open Session

A. TERMINATION RETIREMENT APPLICATION

Mr. Osimo presented the termination retirement application of Tammy Hyson. The Board reviewed the materials and after a brief discussion, determined that Ms. Hyson was terminated involuntarily, was not offered a similar position and there was no moral turpitude surrounding her termination. On a motion to approve the termination application made by Mr. Naughton, and seconded by Ms. Wass, the Board voted 6-0.

B. REVIEW AND APPROVAL OF THE FY17 ANNUAL FINANCIAL STATEMENT

Marybeth Shaughnessy-Newell, MTRS Compliance Officer, joined the meeting to present the FY17 MTRS Annual Financial Statement for forwarding to the Public Employee Retirement Administration Commission ("PERAC"). Ms. Glaster noted the addition of the transmittal letter to this year's report. On a motion made by Ms. Wass and seconded by Ms. Gorrie, the Board voted 6-0 to approve the FY17 MTRS Annual Financial Statement.

C. REQUEST FOR APPROVAL OF OUT OF STATE TRAVEL FOR EXECUTIVE DIRECTOR

Pursuant to the provisions of the MTRS Official Travel Policy, Ms. Glaster requested the Board's approval to attend the NPEA Winter Board Meeting in Naples, FL from Thursday, January 11 – Sunday, January 14, 2018, stating that the airfare, ground transport, hotel and meal expenses are paid by the NPEA. Additionally, Ms. Glaster asked for the Board's approval to attend the annual System Roundtable of the National Association of State Retirement Administrators (NASRA) and joint NASRA/NCTR Legislative Conference in Washington, D.C. from Saturday, February 24 – Monday, February 26, 2018.

On a motion made by Mr. Favorito, and seconded by Ms. Gorrie, the Board voted 6-0 to approve the out of state travel of the Executive Director.

D. CONTRACT TO PREPARE RFR FOR MYTRS HOSTING SERVICES

Susan Morgan, Chief Technology Officer, requested the Board's approval to seek professional consultation services to update the hosting requirements for MyTRS and to develop the Request for Response (RFR) for these services in an amount not to exceed \$80,000, which was accounted for in the MTRS FY 2018 operating budget. Ms. Morgan answered questions from the Board concerning the posting and procurement process. On a motion made by Ms. Wass, and seconded by Ms. Gorrie, the Board voted 6-0 to approve the expenditure of funds not to exceed \$80,000 to hire a contractor to prepare the MyTRS RFR.

E. EXECUTIVE DIRECTOR'S REPORT

1. Ms. Glaster asked for the Board's final approval on the 2018 Board meeting schedule. On a motion made by Ms. Wass, and seconded by Ms. Gorrie, the Board voted 6-0 to approve the meeting schedule.
2. Ms. Glaster noted the favorable results of the 3rd quarter report of the PRIT fund performance that was included in the background materials.
3. Ms. Glaster distributed a copy of a joint email that she and Mr. Favorito addressed to Congressman Richard Neal's staff asking the Congressman to omit the Unrelated Business Interest Tax (UBIT) from the final version of the federal tax bill. She and Mr. Neilon further explained that the UBIT would add a tax of approximately 39% on the investment earnings of a number of asset classes in which public pension systems invest, significantly decreasing the net returns on those investments and negatively impacting plan funding.
4. Ms. Glaster distributed a copy of a letter sent to the Chairs of the Joint Committee on Public Service supporting S. 2074, "*An Act relative to Pension Forfeiture*," which included suggested amendments determined by the Board at the November board meeting. Ms. Glaster updated the Board on draft amendments to the bill made by the Public Service Committee since the letter was sent, and the staff's plan to suggest minor additional edits.
5. Ms. Glaster reported that legal counsel for all parties are close to a consensus on the language regarding the Exclusive Benefit Rule issues in

the closing agreement application expected to be filed with the IRS by the end of the calendar year. Ms. Glaster also shared that, in response to an inquiry from the State Comptroller regarding the notes about the EBR issues to be included in the Commonwealth's FY 2017 Comprehensive Annual Financial Report (CAFR), the ANF General Counsel confirmed that the notes should reference the 2017 legislative amendments designed to resolve the issues prospectively, as well as the plan to apply for the closing agreement with the IRS. In response to the Board's questioning, Ms. Glaster explained that the issue of retrospective payments, if any, will be addressed through this process.

6. Ms. Glaster informed the Board that the public hearing on the proposed Interest Rate Regulation CMR 807 25.00 was held earlier in the week and while no one appeared at the hearing, written testimony was sent by the MTA after the meeting. Additionally, she reported that PERAC, upon Mr. Salvie's inquiry, indicated they would not approve the regulation in its current form. With the R+ legislation delayed, Board staff will take this time to make changes based on the feedback from the MTA and Board members' prior comments, for future consideration.
7. In line with the agency's ongoing succession planning, Ms. Glaster announced that three staff members, namely Scott Cauley, Kristen Doherty and Jennifer Ligon, were selected to participate in the Commonwealth's CORE Management Training Program.
8. Ms. Glaster reported that the staff members recently participated in a Department of Children and Families holiday drive, providing gifts for 25 children who have been displaced from their homes.

On a motion made by Mr. Favorito and seconded by Mr. Naughton, the Board voted unanimously to adjourn the meeting at approximately 11:40 a.m.

Respectfully submitted,

Erika M. Glaster,
Executive Director

Date

Documents used in MTRS Board meeting of December 15, 2017

- Agenda for December 15, 2017 MTRS Board meeting
- Cover letter from Executive Director
- Open minutes and executive minutes of November 17, 2017 MTRS Board meeting
- Memorandum and supporting documents pertaining to Termination Retirement Application
- Memorandum and supporting documents pertaining to FY17 PERAC Annual Financial Statement
- Memorandum pertaining to Request for Approval of Out of State Travel for Executive Director
- Memorandum pertaining to Contract to Prepare for MyTRS Hosting Services